HOUSING MARKET OUTLOOK

Canada

Canada Mortgage and Housing Corporation

www.cmhc.ca

Soft landing for housing starts in 2007 and 2008

Date Released: First Quarter 2007

Overview

Housing starts:

2007: 209,500

2008: 195,500

Resales:

2007: 464,550

2008: 449,200

Housing starts: In 2006, housing starts reached the second highest level since 1988. In 2007, housing starts will decline 7.9 per cent to 209,500 units. Starts will ease further in 2008 to 195,500 units.

Resales: At 483,337, sales of existing homes remained near record levels in 2006. Sales of existing homes will move lower to 464,550 units this year and 449,200 units in 2008.

Resale prices: After posting its strongest increase in 17 years in 2006, house price growth will slow to 5.9 per cent in 2007 as resale markets become more balanced. Price growth will moderate even further to 3.3 per cent in 2008.

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CMHC Housing Market Outlook Canada is your national sales, marketing, and business planning tool.

Provincial SPOTLIGHT

Quebec: With economic and demographic growth remaining moderate and with pent up demand now exhausted, housing demand in Quebec markets willl continue to cool during the next two years. Housing starts, which peaked at over 58,000 units in 2004, will decline to 43,000 units in 2007 and 39,000 units in 2008. During this period, sales of existing homes will edge down to just under 70,000 transactions, while price growth will continue to moderate. (Details on Page 13)

Alberta: Though economic growth in Alberta will decline from its 2006 peak, the outlook is for robust growth through 2008. Because of strong price gains in both the new and resale market, starts and existing home sales are expected to decline from the record levels experienced in 2006, yet remain among the highest in history with more than 42,000 starts and around 70,000 sales both in 2007 and 2008. (Details on Page 9)

Canada

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National Housing Outlook

In Detail

Housing starts in Canada are forecast to decline 7.9 per cent in 2007 to 209,500 units, down from 227,395 units in 2006. Although starts will decrease in all provinces, the largest declines will be in Ontario and Quebec. Still, 2007 will be the sixth consecutive year in which housing starts exceed the 200,000 unit threshold. Residential construction will continue to slow next year as housing starts decline 6.7 per cent to 195,500 units.

Low mortgage rates, high employment levels and rising incomes will continue to support strong residential activity. However, a number of factors will contribute to the lower pace of new home construction in 2007 and 2008. Most of the pent-up demand that built up during the 1990s has been absorbed. As a result, housing starts are set to ease gradually toward levels that are more in line with demographic fundamentals. Higher mortgage carrying costs due to continued house price growth and small increases in mortgage rates toward the end of 2007 will reduce housing demand, particularly among first-time buyers. This group of buyers is particularly sensitive to the increasing gap between the cost of homeownership and renting.

Increased competition from the existing home market, particularly in the Ontario, Quebec and Atlantic regions will also contribute to the slower pace of new home construction. As the existing home market moves toward more balanced conditions, potential home buyers will have more to choose from which in turn will reduce the spillover of demand from the existing to the new home market. Despite strong job growth that will continue to attract workers from other parts of the country, Alberta and B.C. will not match their 2006 record high level of housing starts and will also begin to decline, as slowing resale price growth coupled with rising construction costs contribute to an increasing price differential between new and existing homes.

Single detached starts to fall in 2007 and 2008

Single starts increased slightly in 2006 due to strong demand in the booming economies of western Canada, particularly Alberta. Single starts will resume a declining trend in 2007. Single detached construction activity is forecast to fall 9.9 per cent from 121,313 units in 2006 to 109,300 units in 2007, and to decline an additional 7.3 per cent to 101,300 units in 2008.

Single-detached housing starts are forecast to decline in every province across Canada in 2007 except Manitoba where they will increase by 4.2 per cent. Ontario will experience the largest decline with single detached starts dropping by 16.5 per cent in 2007 and 10.2 per cent in 2008.

Multi-family home starts will begin to trend down in 2007

Multi-family housing starts (semi-detached, row and apartment units) continued to climb in 2006 and reached a 31-year high of 106,082 units. In 2007, multiple starts are forecast to ease by 5.5 per cent to 100,200 units and further decline by 5.9 per cent to 94,300 units in 2008. Despite the decline, the multiple family starts will continue to increase as a share of total starts as higher mortgage carrying costs lead many potential buyers to consider less expensive multiple family dwellings. Across the nation, the largest decreases in multi-family starts in 2007 will be in Manitoba (-18.7 per cent), New-Brunswick (-14.6 per cent), and Quebec (-13.3 per cent). All provinces are expected to register declines in multiple starts except Saskatchewan and Newfoundland.

Apartment starts, which have risen to over two-thirds of total multi-family starts, will decrease 2.7 per cent to 68,830 units in 2007 and then dip an additional 4.7 per cent to 65,580 units in 2008. Starts of rowhouses will slide 13.8 per cent to 18,080 units this year and decline another 5.9 per cent to 17,005 units in 2008, while starts of semi-detached houses will decrease 7.4 per cent to 13,290 units in 2007 and decline another 12.2 per cent to 11,665 units in 2008.

MLS® sales to decrease slightly in 2007 and 2008

Existing home sales, as measured by the Multiple Listing service (MLS®), will register their first decline in seven years as demand starts to ease due to five years of strong growth in house prices which are pushing mortgage carrying costs higher. MLS® sales are forecast to dip 3.9 per cent to 464,550 units in 2007 and then decrease 3.3 per cent to 449,200 units in 2008. The decrease in home sales will cause the existing home market to move towards balanced conditions.

MLS® price growth cut in half in 2007

Since 2002, the average MLS® price has grown at an annual rate of around 10 per cent. With markets becoming more balanced, price gains will slow to 5.9 per cent in 2007 and 3.3 per cent in 2008. Continued high listings and lower MLS® sales will result in an easing of price pressures in many major centres across Canada. Thus the average MLS® price will reach 292,631$ in 2007 and 302,181$ in 2008.

Trends Impacting Housing

The Economy

The Canadian economy continues to expand at a slower pace. Real gross domestic product (GDP) growth slowed to an annualized rate of 1.7 per cent in the third quarter of 2006, down from 3.8 per cent and 2.0 per cent in the first and second quarters of 2006, respectively. After slipping sharply during the first two quarters of 2006, exports rebounded thanks to sales of industrial goods and materials, machinery and equipment, agricultural and fish products. This good note in the trade sector provided a boost to the economy, along with higher business investment in non-residential structures and equipment, and continued strength in consumer spending, which was partially offset by a second drop in residential construction and weak government expenditures. Consequently, growth in the final domestic demand slowed to an annualized rate of 2.8 per cent in the third quarter of 2006.

Despite these recent figures, domestic demand will remain the engine of Canada's economic expansion in 2007 and 2008. Consumer spending should stay vibrant thanks to high employment, income gains and low interest rates. Business investment in non-residential construction and machinery and equipment will continue to be strong as well. On the downside, lower housing starts and soft net exports will be a drag on economic growth. Particularly, the high value of the Canadian dollar and the anticipated economic slow-down south of the border will hurt the trade sector.

Inflationary pressures will remain limited as the Canadian economy is expected to grow at a rate of 2.4 per cent in 2007 and 3.0 per cent in 2008.

Mortgage Rates

A combination of modest economic growth, a strong Canadian dollar vis-à-vis the U.S. dollar, and moderate inflation will help keep Canadian interest and mortgage rates low over the remainder of this year and in 2008. Mortgage rates will also ease as bond yields nudge down in 2007.

One, three and five-year posted mortgage rates are forecast to be in the 5.75-6.75, 6.00-7.00, and 6.25-7.25 per cent ranges respectively over the rest of this year and in 2008.

Migration

Immigration into Canada is set to come in at the lower end of the 225,000 to 255,000 target range for new permanent residents per year in 2006 and 2007. Net migration (immigration minus emigration) will increase by 2.0 per cent to about 220,000 people in 2006 and increase by 2.2 per cent to 224,000 net migrants in 2007. The ongoing high level of net migration will add to housing demand with the majority of newly arrived immigrants initially settling in rental accommodations. An increasing share of migrants will move into home ownership as time passes.

Net international migration increased in 2006 due mainly to the higher levels of arrivals in Alberta, British Columbia, and Manitoba. The number of workers moving to Alberta from other provinces is beginning to move down from the unprecedented levels reached in 2005 and early 2006. Nevertheless, net-interprovincial migration to Alberta, and to a lesser extent toward B.C., will continue to boost demand for both rental and ownership housing in these provinces in 2007 and 2008.

Employment and Income

Employment grew at a strong pace of 1.9 per cent in 2006 and most of the new jobs created were full time positions. A record share of Canadians were employed in 2006, which led the unemployment rate to drift down to 6.3 per cent, its lowest level on record.

Given that the Canadian economy is close to full employment, the pace of employment growth is expected to slow and stay more in line with the increase in the population. Employment is forecast to grow by 1.4 per cent in 2007 and 1.3 per cent in 2008. The unemployment rate is expected to remain low at about 6.3 per cent in both years.

Tight labour market conditions have led to strong growth in average weekly earnings, particularly in western Canada. Income and employment growth will ensure the expected decline in demand for new and existing housing next year will be modest.

Trends at a Glance

Key factors and their Effects on Residential Construction

Factor	Comment
Mortgage Rates	Mortgage rates have moved slightly higher and are expected to rise modestly in the second half of 2007. Rising mortgage rates, combined with higher house prices will increase mortgage carrying costs. This will ease housing demand, particularly for first-time buyers.
Employment	With a record share of Canadians employed, the economy is operating close to full-employment. Thus, job growth will slow to rates that are more in line with population growth. Job creation will continue to stimulate housing demand, but not as much as in the previous years.
Income	Tight labour markets and strong demand for workers will continue to support rising incomes, which will partially offset the negative impact of higher mortgage carrying costs on home ownership demand.
Net Migration	Net migration is expected to remain strong in 2007 and 2008. Ontario, Quebec, and British Columbia will continue to attract the bulk of the international immigrants. However, Alberta will keep on attracting a large number of net migrants from the rest of Canada.
Natural Population Increase	Because Canada's population is aging, a smaller proportion of people are in their child bearing years and the birth rate is slowing. Rising immigration will slow the aging of the population, but the rate of increase in the natural population (births - deaths) is slowing, which will eventually lessen the demand for additional housing stock in the longer term.
Consumer Confidence	Consumer confidence, as mesasured by the Conference Board of Canada, remains firm and strong consumer sentiment is expected to prevail throughout the forecast period. Confident consumers will continue to support demand for home ownership.
Resale Market	After reaching its second best year on record in 2006, MLS® sales will moderate in 2007 and 2008. Easing demand combined with a high level of new listings will move the resale market toward more balanced territory. As a result, the increase in the average existing home price will pull back this year and next and the spillover of demand into the new home market will be less pronounced.
Vacancy Rates	Modest rental construction and increased competition from the condo market will be offset by strong rental demand due to high immigration and a rising gap between the cost of homeownership and renting. As a result, vacancy rates across Canada's metropolitan centres will remain relatively stable, edging higher in 2007 and 2008.

Special Report: Rental Market Outlook: 2007 and 2008

The rental apartment vacancy rate in Canada's 28 major centres edged lower to 2.6 per cent in October 2006, down from 2.7 per cent in October 2005. Looking ahead, rental demand will weaken slightly as low borrowing costs continue to attract renters into homeownership. As a result, the vacancy rate is expected to rise to 2.7 per cent both in 2007 and 2008.

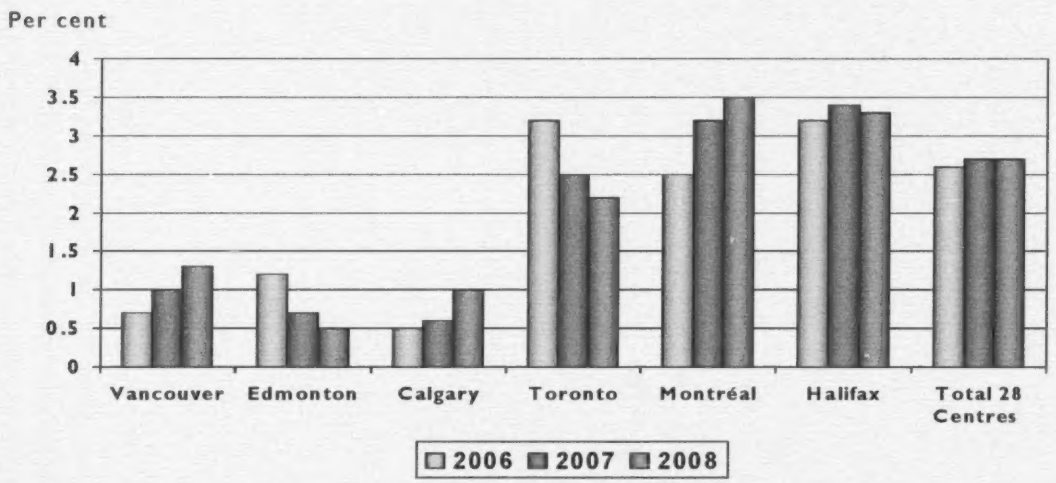
The slight decrease of the vacancy rate across the major centres in 2006 reflected a number of factors. Solid job creation and healthy income gains helped to strengthen demand for both ownership and rental housing. High levels of immigration were a key driver of rental demand in 2006, as was the increasing gap between the cost of home ownership and renting. These factors have put downward pressure on vacancy rates over the past year. On the other hand, home ownership demand remained very strong, which can be seen from the near record level of existing home sales and the high level of housing starts in 2006. Strong home ownership demand continues to apply upward pressure on vacancy rates. Adding to this is the high level of condominium completions in some centres. Condominiums are a relatively inexpensive type of housing for renters moving to home ownership. Also, some condominium apartments are owned by investors who rent them out. Therefore, high levels of condominium completions have created competition for the rental market and have put upward pressure on vacancy rates.

Looking ahead in 2007 and 2008, the average vacancy rate for Canada's 28 major centres is forecast to rise slightly. However, the direction and magnitude of the change in vacancy rate will vary from centre to centre. The outlook for vacancy rates for some key rental markets across Canada is summarized below. These include the Vancouver, Edmonton, Calgary, Toronto, Montreal, and Halifax Census Metropolitan areas (CMAs). Forecasts for all major centres are available on pages 24 and 25.

Vancouver:

After edging up slightly to 1.4 per cent in 2005, robust demand and a lack of rental apartment supply lowered the vacancy rate in the Vancouver CMA to 0.7 per cent in October 2006, the lowest level since 1989. Extended completion times for condominium apartment units due to growing labour shortages and increased complexity of projects dampened the upward pressure on vacancy rates resulting from strong homeownership demand. Meanwhile, increasing levels of net-migration have partially offset the ongoing movement of renters to the homeownership market.

Apartment vacancy rate



Source: CMHC Forecast

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Looking forward, the overall vacancy rate in Vancouver is expected to edge up slightly to 1.0 per cent in 2007 and to increase to 1.3 per cent in 2008, as many renter households move into their newly completed condominium units. On the supply side, higher condominium completions suggest an increase in the number of condominium rentals entering the market, attracting some tenants who would otherwise enter the purpose-built rental stock. However, the vacancy rate increase will be minimal due to the strong demand for rental housing by immigrants and the widening gap between average rents and the cost of homeownership.

Edmonton:

The apartment vacancy rate in the Edmonton CMA has tumbled from 4.5 per cent in 2005 to 1.2 per cent in 2006, the sharpest drop among Canada's major centres. A rapidly expanding economy has resulted in tight labour market conditions and strong in-migration in 2006. The growing number of newcomers has bolstered demand for rental units. Meanwhile, the flow of renters to first-time homeownership has also abated as modestly higher mortgage rates and a 29.4 per cent increase in the average price of a resale home have pushed up the cost of homeownership. On the supply side , rental apartment completions have been weak in 2006 due to a slowdown in starts for rental tenure. In addition a number of rental units have been converted to condominiums, further reducing the supply of apartments available for rent.

Looking ahead in 2007 and 2008, rental demand will remain solid due to robust household formation stemming from a combination of strong in-migration and income growth. With rental starts and completions remaining low in 2007, demand for rental accommodation will continue to outstrip new supply. The apartment vacancy rate in Edmonton is expected to fall to 0.7 per cent in 2007, its lowest level since 2001 and slip further to 0.5 per cent in 2008.

Calgary:

The vacancy rate in the Calgary CMA fell from 1.6 per cent in 2005 to 0.5 per cent in 2006, equaling the lowest vacancy rate on record that occurred in1997. The drop in apartment vacancies since 2005 can be attributed to the robust economy in Calgary. A significant number of jobs are being created while the unemployment rate has remained near record lows throughout the year. The large net flow of people to Calgary has elevated demand for housing and many of these people have found their accommodation in the rental market. A shortage of resale active listings in early 2006, prolonged construction periods for new units, and escalating prices in both the new and resale market has also contributed to the reduction in apartment vacancies.

Calgary's economy is experiencing one of its strongest performances on record thanks to the strength of the oil and gas sector and a construction boom with a multitude of residential, commercial, institutional and infrastructure projects. The resulting tight labour market will continue to attract a large number of people to Calgary from other parts of Canada and other countries. The sustained inflow of people to the Calgary CMA should sufficiently replace renters moving to homeownership. Meanwhile, the continued conversion of rental apartments to condominium units and very few rental housing starts will put downward pressure on the number of units in the rental apartment universe. As a result, we expect little change in the apartment vacancy rate at 0.6 per cent in 2007 and 1.0 per cent in 2008.

Toronto:

The Toronto CMA average apartment vacancy rate declined from 3.7 per cent in 2005 to 3.2 per cent in 2006, continuing to trend downward from a peak of 4.3 per cent reached in 2004. Demand for rental accommodations strengthened due to a number of factors, including a maturing demand for home ownership due to rising mortgage carrying costs. As the gap between the cost of owning and renting a home widens, fewer households choose to purchase a home, opting instead to remain in the rental market. Also, the tight labour market conditions benefited young people who are more likely to take up accommodation in the rental market. In addition, international migrant households moving to Toronto contributed to the tightening rental market conditions in 2006. Immigration remains the major driver of population growth in the Toronto CMA and 75 per cent of new immigrant households settling in Canada initially choose the rental market to satisfy their housing needs.

Demand for rental housing will continue to increase in 2007 and 2008. The vacancy rate is expected to edge lower to 2.5 per cent in 2007 and to 2.2 per cent in 2008. The gap between the average rent and average mortgage carrying cost will widen further in 2007 and 2008. As the population in the Toronto area continues to grow, through net immigration, and young people continue to decouple from their parents, the share of households choosing to rent rather than own will increase. Strong condominium apartment completions in 2006 and moving forward in 2007 will moderate the decline in the vacancy rate. The impact will be two-fold. First, renter households who purchased condominium apartments at the pre-construction stage over the past two to three years will move out of their rental accommodation in order to take occupancy of their new ownership housing. Second, investor-held condominium apartments will continue to compete with units in

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the purpose-built rental market. Some renters will continue to be attracted to rental condominium apartments, many of which offer a higher level of finishings and a broader array of amenities.

Montréal:

Montréal is the largest rental market in Canada. The vacancy rate went up for the fifth year in a row in the Montréal CMA and reached 2.5 per cent in 2006, compared to 2.0 per cent in 2005. Opposing forces clashed on the rental market. On the one hand, positive net migration and youth employment gains put downward pressure on the number of vacant units while, on the other hand, rental housing starts and the homeownership trend contributed to pushing up the number of vacant apartments. In the end, the latter won out and vacancy rate moved higher.

Looking forward, the apartment vacancy rate will rise again to around 3.2 per cent in 2007 and 3.5 per cent in 2008. The trends described above should continue and impact the demand and supply of rental housing units in the CMA. Homeownership demand will slow down somewhat, and net migration, while remaining positive, will decline again on account of a weaker job market. However, rental housing starts will decrease in 2007 and most of the rental starts that do occur will be targetted at seniors.

Halifax:

The apartment vacancy rate edged down to 3.2 per cent in 2006 from 3.3 per cent in 2005 in the Halifax CMA. This very small decrease obscures what in fact was quite a dynamic rental market in metro Halifax over the past year. Apartment construction rebounded to a more typical pace while demand easily kept up with the increase in supply due to attractive labour market conditions for young households and growing interest from empty nesters.

The Halifax rental market is expected to demonstrate continued resilience through the end of next year despite first-time homebuyer conditions remaining attractive. The rental vacancy rate is forecast to rise slightly to 3.4 per cent in 2007 as a result of a spike in supply and then drop slightly to 3.3 per cent in 2008 with growth in demand accelerating to match a robust expansion in supply. Growth in rental supply fell short of expectations in 2006 as several large new projects took longer than expected to complete and did not begin leasing until the end of the year. The result of this timing issue is that the 'bump' in supply growth that was expected to characterize 2006 will be spread more evenly into 2007, therefore lifting supply expansion estimates. Simultaneously, rental demand will remain firm. The strong labour market in western Canada will continue to erode Halifax's net migration gains but only modestly. With a labour market close to full-employment conditions, there will be more job opportunities for young people. This will generate local household formation to offset some of the decline in net migration. Furthermore, as the first baby boomers turn 60, a larger share of more mature renter households seeking low-maintenance living will contribute to accelerate rental demand.

Conclusion

Despite downward pressures due to favourable employment conditions, high levels of immigration and a widening gap between the cost of renting and that of owning a home, the increasing demand for rental accommodations will be offset by the movement of renters into home ownership which will continue to be supported by low mortgage rates, more balanced conditions on the resale markets, and high levels of condominium completions. Overall, the vacancy rate for the 28 major urban centres will inch up to 2.7 per cent both in 2007 in 2008.

British Columbia

Overview

Housing starts trend lower in 2007 and 2008

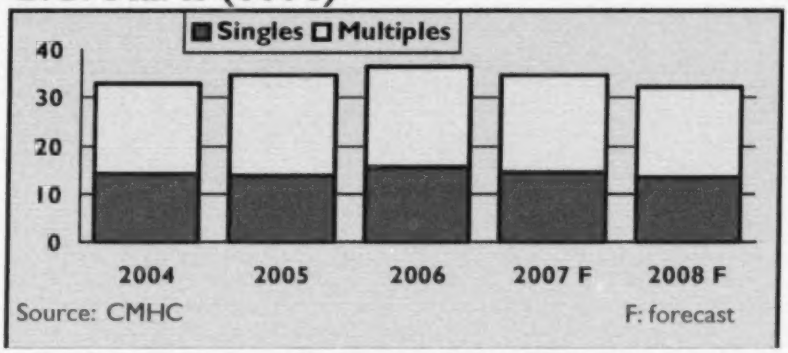
New home construction in British Columbia will trend lower during the next two years but remain high in comparison to past levels. Builders continue to balance demand- and supply-side factors in bringing new homes to the market.

The ongoing expansion of the provincial economy, driven by increased consumer spending and investment in non-residential structures, is a positive factor in the housing outlook. International demand for resources will keep the provincial economy growing at a pace faster than the national average, although the slower US housing market will dampen exports, slowing growth slightly in 2007. As a result, British Columbia's economy will expand 3.2 per cent in 2007 and 3.4 per cent in 2008, on the heels of a 3.5 per cent increase last year.

Labour market developments will support a strong housing sector as projected increases in employment and a relatively low unemployment rate translate into demand for housing. High levels of consumer confidence linked to employment and income growth will help to maintain relatively high levels of resale activity in the existing home market. The province's unemployment rate will stay below the national average, attracting people to the west. As a result of people moving here from other countries and provinces, net migration will add close to 100,000 people to BC's population during the next two years.

These upside factors for the housing starts forecast will be offset by a decrease in spill-over from the resale market as increased listings offer consumers more choice in the existing home market. Rising construction costs, which are fuelling higher new home prices, along with gradually rising interest rates in 2008 will also temper demand for new homes. As a result, housing starts will remain well above the 10-year average, slowing from 36,433 units in 2006 to 34,700 units in 2007 and 32,300 units in 2008.

B.C. Starts (000's)



Source: CMHC F: forecast

In Detail

Single Starts: The number of single-detached starts will moderate during the next two years following a bump up in 2006. Rising land and materials costs will drive the price of new homes higher, while more listings in existing home markets will increase consumer choice. With less of a spill-over from resale markets, builders are expected to start 14,400 single homes in 2007 and 13,500 single homes in 2008.

Multiple Starts: Multiple unit construction increased modestly in 2006 following five years of rapid expansion. More than 21,000 units were started last year, double the level recorded just four years earlier. Looking ahead, multiple units will remain popular with homebuyers looking for housing that is close to the work place and other urban amenities, and easily accessible to transportation. Most of the 20,300 multi-family units that will start in 2007 and the 18,800 units that will start in 2008 will be apartment condominium units.

Resales: The level of activity in the existing home market will continue to moderate during the next two years but remain high compared to history. Following the peak of over 106,000 MLS® transactions in 2005, resale activity slowed in 2006. The forecast is for a 3.8 per cent decline, to 94,500 resales this year and a further 2.6 per cent reduction, to 92,000 resales in 2008.

Prices: Markets around the province will move to more balanced demand and supply conditions, slowing the pace of increase in resale prices. The average MLS® price will reach $413,300 this year and $427,800 in 2008, representing increases of 6.8 per cent and 3.5 per cent, respectively.

Provincial Highlight

British Columbia, and Vancouver in particular, are favoured destinations for international migrants coming to Canada. During the past five years, international migration has added over 170,000 people to the province's population. Whether attracted to the region by connections with family, business, employment opportunities or geography, people moving to the city from other countries have a considerable impact on housing demand. Over the course of 2007 and 2008, BC will gain about 80,000 people from other countries, contributing to the population-driven need for more housing.

Alberta

Overview

Outlook remains buoyant over the forecast period

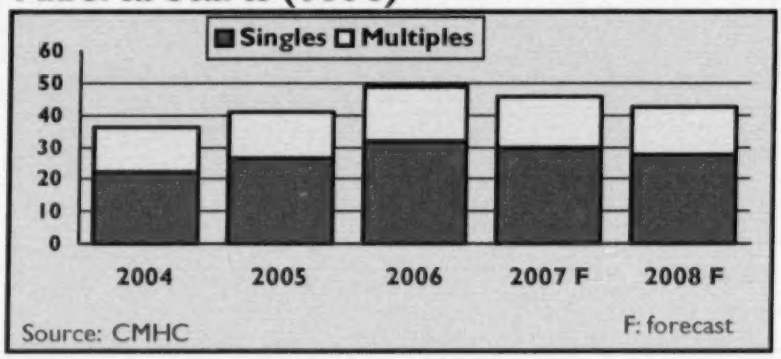
Though economic growth in Alberta will decline from its 2006 peak, the outlook is for robust growth through 2008. Investment will remain a key driver, thanks to continued oil sands development and a booming commercial and residential sector. Consumer spending will rise, but not as rapidly as 2006 due to escalating housing costs and the absence of prosperity bonuses. These conditions, among others, will result in an economic expansion of 4.5 per cent in 2007 and 4.0 per cent in 2008.

Net migration reached a record 86,000 people in 2006, thanks to an abundance of job opportunities, strong upward wage pressure, and a low tax environment. While international migration will post continued gains, migration from other provinces will moderate due to the growing disparity in provincial house prices and efforts from competing provinces to retain their residents. Thus, expect total net migration to decline to 73,000 people in 2007 and 60,000 next year.

The record net migration combined with a two percentage point gain in labour force participation boosted employment by 4.8 per cent in 2006, the strongest employment expansion in 25 years. While net migration will enable further gains through 2008, the return to record high labour force participation and record low unemployment will prevent a repeat performance. Expect job growth to scale back to 3.0 per cent in 2007 and 1.8 per cent in 2008.

Though the majority of economic indicators point to persistent strength in Alberta's housing markets, strong price gains in the new and resale market remain a dark cloud on the horizon. With that in consideration, we expect both starts and existing home sales to decline from the record levels experienced in 2006, yet remain among the highest in history.

Alberta Starts (000's)



Source: CMHC

F: forecast

In Detail

Single Starts: Following a record 31,835 single-detached units in 2006, starts will slip modestly to 29,500 units in 2007 and 27,500 in 2008. While massive job growth and net migration might suggest higher starts over the forecast period, demand will be curtailed by the recent cost escalation and improved resale selection. Despite the moderation in starts, 2007 and 2008 will post the second and third best years on record, respectively.

Multiple Starts: At 17,127 units in 2006, multi-family starts were the strongest in 24 years. Expect multi-family construction to ease through 2008, due largely to weaker investor demand and the expectation of rising inventories. Nonetheless, continued demand from home buyers should result in 16,000 starts in 2007 and 15,000 in 2008.

Resales: After six successive records, the string of existing home sales records will come to an end. Following a high of 74,000 transactions in 2006, total sales will decline to 70,000 units in 2007 and slip further to 69,500 units next year. While the booming economy will ensure demand remains strong over the forecast period, the recent jump in prices will serve as an inhibiting factor for existing home sales.

Prices: A shortage of active listings and record demand combined to boost prices an astonishing 29 per cent in 2006, more than double the highest growth rate ever recorded. As a result, Alberta overtook Ontario in 2006 as the second most expensive resale market in Canada. Looking ahead, a strong recovery in active listings and additional supply from new homes being completed will temper price gains through 2008. Expect the average resale price to rise 13 per cent in 2007 and another seven per cent in 2008.

Provincial Highlight

Alberta's hot economy and strong migratory inflows contributed to a substantial tightening of the province's rental markets in 2006. All of Alberta's 13 major urban centres reported a decrease in apartment vacancies, with the strongest decline occurring in Edmonton. The vacancy rate for privately initiated rental apartments in urban centres declined from 3.1 per cent in October 2005 to 0.9 per cent in October 2006. This represents the lowest vacancy rate for the province on record.

Saskatchewan

Overview

Solid job growth fuels homeownership demand

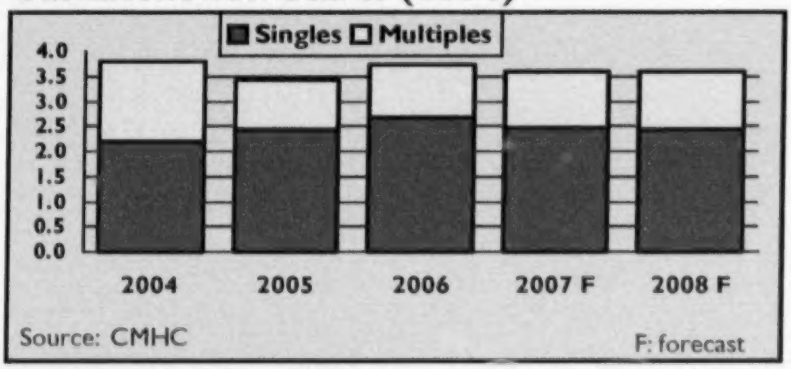
The Saskatchewan economy is forecast to expand by 3.0 per cent in 2007 and 2.8 per cent in 2008, well above the province's long-term average. Global demand for commodities such as potash and uranium will fuel continued growth in the mining sector. Though flooding of the Cigar Lake uranium mine will delay increases in production, remediation efforts to bring the project back on stream will provide a further boost to economic activity. Agriculture output should also return to normal levels, following a year of suppressed crop prices and less than ideal weather conditions. Solid gains in consumer spending are also expected through 2008, driven largely by robust income growth, the recent cut in the provincial sales tax, and continued gains in employment.

In 2006, a rise in labour force participation has resulted in the strongest employment expansion in three years, up 1.7 per cent. Continued growth in the economy will lead to an impressive 1.7 per cent gain in payrolls in 2007, followed by a more modest increase next year. Since 2002, full-time job creation has dominated Saskatchewan's employment growth. Similar results are expected over the next few years, boding well for housing demand.

Despite the recent employment gains, a shortage of skilled labour still looms in the province. At 4.2 per cent in 2007, the unemployment rate in Saskatchewan will be tied with Manitoba for second lowest among provinces and well below the national average. Combined with a competitive tax environment, this should help stem the migratory outflow of residents to other provinces, primarily to Alberta. The growing disparity in provincial house prices should also produce a similar result. Thus, expect the losses through migration to be cut to only 2,700 by 2008, the best migratory performance for Saskatchewan in almost 10 years.

The healthier employment and migration picture will enable the new home construction industry to surpass 3,500 starts for the third consecutive year, a feat not recorded since the mid 1980's. Housing starts are forecast to reach 3,600 units in both 2007 and 2008.

Saskatchewan Starts (000's)



Source: CMHC F: forecast

In Detail

Single starts: Single-detached starts reached 2,689 units in 2006, the highest level since 1987. With pent-up demand satisfied in 2006 and larger inventories in both Regina and Saskatoon, starts will slip back to a more measured pace in 2007 with 2,475 units. This rate of production will be maintained in 2008 with 2,450 single starts.

Multiple Starts: After a slight improvement for multi-unit construction in 2006, this year will see multiple starts eclipse the 1,100 mark. Expect 1,125 multiple units started in 2007 with 1,150 units in 2008. Dominating these starts will be condominium units, though some activity in rental housing could occur due to lower vacancy rates and rising rents.

Resales: Despite a sharp drop in listing volumes in the latter part of the year, sales jumped to 9,100 transactions in 2006, the best performance on record. Rising prices and some listings shortages will push sales back to 9,000 sales in 2007 and maintain that pace in 2008.

Prices: The average resale price reached $132,000 in 2006, driven largely by the shift to homes in higher price ranges. While this will continue in 2007, listings shortages will add further momentum and push the price a further 9.1 per cent to $144,000. In 2008, the average price will increase another eight per cent to $155,500.

Provincial Highlight

Growth in the natural resources sector was a strong contributor to the tightening rental market conditions during 2006. For privately-initiated rental apartments in Saskatchewan's urban centres, the average vacancy rate declined from 4.4 per cent in October 2005 to 3.2 per cent in October 2006, resulting in the lowest vacancy rate in six years. Lloydminster, a centre benefiting from buoyant oil and natural gas sectors reported the lowest vacancy rate (0.2 per cent) and the highest average rent ($662) amongst all urban centres in the province.

Manitoba

Overview

Housing starts and sales maintained at high levels

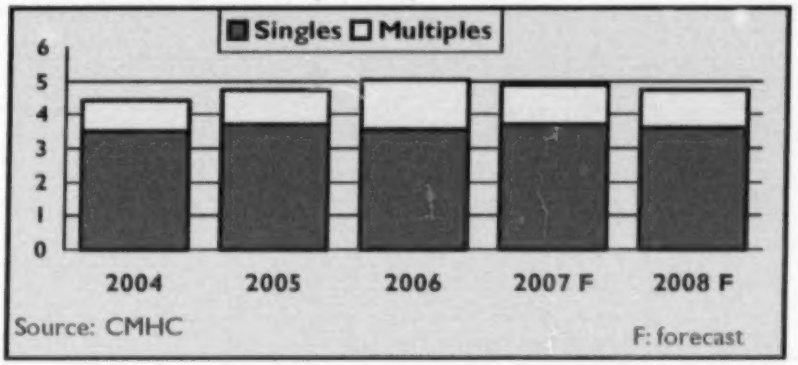
Manitoba's economic growth performance will exceed the national average throughout the forecast period, climbing 2.8 per cent in both 2007 and 2008. This will represent the first time on record that the rate of economic expansion surpassed 2.5 per cent for four consecutive years.

Private and public investment will be a key contributor to GDP growth over the forecast period. A number of significant non-residential projects will compensate for modestly weaker, yet elevated, housing starts. Notable projects include the $1-billion Wuskwatim hydroelectric generating station, the Red River Floodway expansion, and Manitoba Hydro's new office tower. Significant tax reductions, wage pressures, and full-time job growth will also fuel higher consumer spending, adding to the economic expansion.

While employment prospects in Manitoba will remain positive through 2008, the rate of job creation will still fall below most other provinces. Expect payrolls to expand by about one per cent annually in both 2007 and 2008. Rather than a weak labour market, however, the modest growth is more a reflection of persistent labour shortages. Manitoba will continue to experience the second lowest unemployment rate in the country, next to Alberta.

Manitoba's low unemployment rate combined with an aggressive policy initiative to retain university graduates should help stem the outflow of migrants to other provinces in the coming years. These factors, combined with a successful Provincial Nominee Program to attract international immigrants, will boost total net migration to 2,050 in 2007 and 2,500 in 2008. As a result, housing starts will remain strong, slipping to 4,900 units in 2007 and 4,750 units in 2008.

Manitoba Starts (000's)



In Detail

Single Starts: Builders across Manitoba continue to respond to demand from move-up buyers for single-detached units. Consequently, single-detached starts over the forecast period will remain close to the levels observed over the past two years. About 55 per cent of the 3,700 units forecast to be built in 2007 will be in urban centres. In 2008, single starts will edge lower to 3,600 units.

Multiple Starts: Multi-family starts are projected to reach 1,200 units in 2007 and 1,150 units in 2008. The continued strength in multi-family construction will be fuelled by demand for rental as well as condominium units in Winnipeg. Demand for rental units will be bolstered by the inflow of international immigrants while condominium units will continue to gain in popularity with first-time buyer and empty nester households.

Resales: Winnipeg accounts for about 90 per cent of the resale activity in Manitoba. The combination of a strong labour market and the fact that over half of the population of Winnipeg is in the first-time or move-up buyer life cycle should translate into continued records for MLS® sales in the province. Total MLS® sales in Manitoba will rise to 13,250 units in 2007 to 13,300 in 2008.

Prices: Winnipeg, the province's largest resale market, continues to be characterized by strong demand and a limited level of listings. This situation is not expected to change significantly over the forecast period. As a result, the average MLS® price in Manitoba will continue to rise well above the average rate of inflation. The provincial average MLS® price is expected to increase by 6.4 per cent to reach nearly $159,000 this year and by 5.7 per cent to $168,000 in 2008.

Provincial Highlight

It appears that homeowners in Winnipeg conducted larger and more complex renovations in 2006 compared to 2005. According to building permit data from the City of Winnipeg, 5,677 permits were issued for alterations and additions through the first ten months of 2006. This was a marginal increase over the January to December 2005 period when 5,662 such permits were issued. While the number of alterations/additions permits did not rise significantly, their value increased from $53.7 million to $77.3 million on a year-over-year basis. This represents a jump of nearly 44 per cent.

Ontario

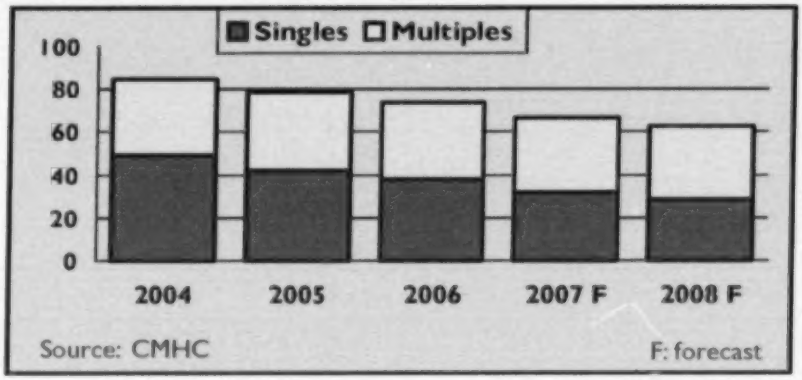
Overview

Ontario housing demand supported by consumer confidence

Less stimulative economic and demographic conditions suggest that housing activity will moderate but will remain close to historical averages thanks to healthy consumer confidence. Housing starts will decrease to 67,000 units in 2007 and 63,000 units in 2008. High new detached home prices, more choice in the resale market and land constraints are some of the key factors that will dampen new construction activity. Ontario real GDP growth will average 1.8 per cent in 2007, a downward revision from our previous forecast. A slower US economy early in the year combined with declining manufacturing shipments will depress Ontario economic growth in the interim. However, growth will move closer to potential by 2008. The recent softening economic growth in the US, triggered by a cooling US housing market, has moderated energy prices. This has contributed to a softening of the Canadian dollar from over 90 cents US to about 85 cents, providing modest relief to Ontario's manufactured goods & export volumes. Furthermore, consumer spending will continue to benefit from low interest rates. Rising Ontario incomes and moderating energy prices will add to disposable income—boosting consumer confidence further. While employment levels will remain respectable, slow economic growth points to slower job growth. Look for the services sector to deliver the bulk of job gains given recent restructuring plans in Ontario's auto and forestry sectors.

Low Ontario birth rates combined with slower growth in net migration point to slower population growth ahead. While higher levels of immigration will boost population levels, increases will be tempered by an outflow of migrants to the west.

Ontario Starts (000's)



Source: CMHC F: forecast

In Detail

Single Starts: Ontario big ticket consumer purchases have cooled. Demand for higher priced detached homes will also cool despite a rapidly growing mid 40s population which prefers low density homes. Look for detached starts to exert the most drag on total home starts between this year and the end of 2008. Single starts will decrease to 32,000 units and 28,750 units in 2007 and 2008, respectively.

Multiple Starts: A shrinking but healthy pool of first time buyers looking for less expensive homes combined with provincial government efforts to promote higher density construction, suggests condominium apartments will remain in demand. Multiple starts will inch modestly lower to 35,000 units this year and 34,000 units in 2008.

Resales: Sales through the Multiple Listing Services will pull back only modestly from an all time record in 2004 as home carrying costs edge higher. MLS sales will decrease to 187,000 units this year and 177,000 units in 2008.

Prices: A more balanced resale market resulting from higher home listings will dampen the pace of price growth. Look for Ontario home prices to rise by 3.2 and 1.4 per cent this year and next, respectively.

Provincial Highlight

A combination of factors will contribute to tighter rental apartment vacancy rates across the province. Firstly, the cost gap between owning and renting will continue to edge higher, tempering the outflow of tenants into the ownership market. Immigration will also rise. Given that roughly 75 per cent of new arrivals opt to rent before buying a home, this will provide a further boost to rental demand. Finally, a growing echo boom population aged 18-24 are enjoying better job opportunities and will boost rental demand further. However, not all centres across the province will share equally in the benefits of a tighter rental market. Urban centres tied to auto, tourism and forestry sectors and the challenges associated with a high dollar will see vacancy rates remain at higher levels.

Quebec

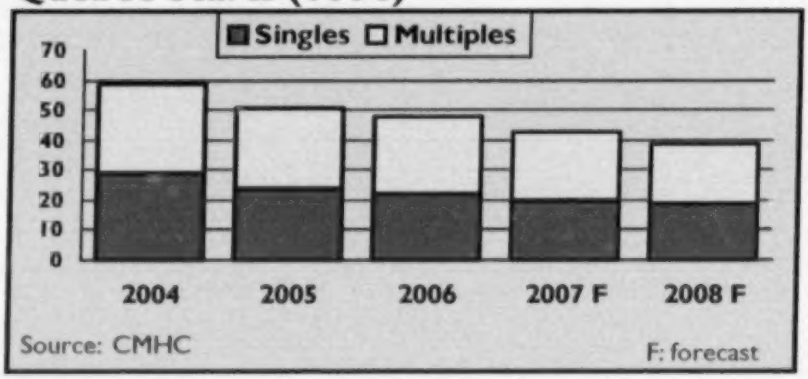
Overview

Downward trend continues in 2007

With economic and demographic growth remaining moderate and with pent up demand now exhausted, Housing demand in Quebec markets will continue to cool during the next two years. This being said,low mortgage rates and rising net migration will sustain demand and keep housing starts near 43,000 units in 2007 and 39,000units in 2008. During this period, sales of existing homes will edge down to just under 70,000 transactions, while price growth will continue to moderate. Although Quebec's economy will continue to expand during the next two years, the recent weakening of consumer spending and private investment will confine provincial economic growth to near the 2 per cent mark. US demand for Quebec exports will continue to be limited as wage pressures and productivity concerns continue to erode the competitiveness of the province's all important manufacturing sector. As the provincial government struggles to balance its budget, spending will remain limited, however several major projects are expected for 2007. Given this context, we expect GDP and employment growth in 2007 of 1.6 per cent and 0.9 per cent, respectively in 2007.

Meanwhile, cooling western labour markets and slight increase in immigration to Quebec shall bring total net migration back over the 30,000 level this year and next.

Quebec Starts (000's)



In Detail

Single Starts: With less spillover demand from the existing home market, demand for single detached homes will continue to weaken in the coming years. This situation will be compounded by the gradual shifting of demand toward the less expensive and increasingly popular multi-family market. Single-family starts will thus record approximately 20,000 units in 2007 and 18,500 in 2008.

Multiple Starts: After a vigorous pace of construction in recent years, starts of multi-family units will pull back in 2007 and 2008. Nevertheless, sustained migration and an aging population, which continues to generate demand for condominiums and seniors residences, will keep multiple starts strong at 22,500 units in 2007 and 20,375 units in 2008.

Resales: Sales of existing homes should begin to edge down as demand in this segment reacts to deteriorating economic conditions. However, the market for resale homes shall be supported by the shifting of potential new home demand to the resale market. In 2007 and 2008, the Multiple Listing Service (MLS) should register approximately 69,000 and 68,000 transactions, respectively.

Prices: Rising inventory of existing homes and slowing demand will continue to move the resale market toward more balanced conditions. As a result, price growth in 2007 shall be moderate at just over 4 per cent. The average price on the MLS should approach $203,000 in 2007, and climb 2.9 per cent to reach above $208,750 in 2008.

Provincial Highlight

According to the results of CMHC's october 2006 Rental Market Survey, the average vacancy rate reached 2.5 per cent in Quebec's urban centres, up from 2.0 per cent at the time of the 2005 survey. This continued easing was due to both weaker demand and a greater supply of rental housing units. Several factors had a negative impact on rental housing demand, including job losses among young people and in the manufacturing sector, as well as the departure of more Quebec workers for western Canada. Also, still favourable buying conditions (greater availability of homes, slower growth in prices, continued low mortgage rates and rising disposable income) very likely prompted some households to move from rental into homeownership in 2006. The supply of rental units, for its part, was still on the rise, as several thousand units were added to the rental housing stock. It is important to note however that retirement homes represent a considerable share of newly added units. While vacancy rates went up in Montréal (2.7 per cent, in relation to 2.0 per cent in 2005) and Gatineau (4.2 per cent, compared to 3.1 per cent in 2005), the province's other CMAs registered little change.

New Brunswick

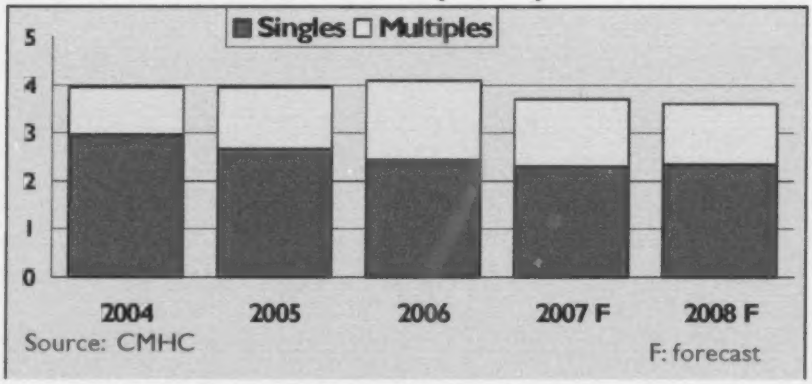
Overview

Economic growth cools slightly

Economic performance in New Brunswick remained positive in 2006, despite moderate challenges. The province's retail and service sectors performed well in 2006 while the manufacturing sector was hampered by the mild economic downturn in the United States. For 2007, restrained economic growth south of the border in the first half of this year, and a slower pace of US housing starts, will continue to impact the province's manufacturing and lumber industries negatively. Nevertheless, gains in the provincial energy sector will help bolster economic performance in the province. Construction is proceeding on a Liquiefied Natural Gas terminal in Saint John and plans for a second oil refinery were recently announced. Combined with continued upgrades to the province's highway infrastructure, large scale capital projects will play a vital role in economic performance for 2007. Expect GDP growth to be between 2.0 and 2.5 per cent in 2007, followed by a moderate increase in 2008. Employment growth in the province - which was 1.4 per cent in 2006 - is expected to cool slightly in 2007. Continued migration toward Western Canada, as well as limited economic expansion, will limit employment growth to less than one per cent in 2007.

Residential housing starts are expected to decline slightly over the forecast period while remaining strong in historical terms. Total starts should decline to 3,700 units in 2007 with a further drop to 3,600 in 2008.

New Brunswick Starts (000's)



Source: CMHC

F: forecast

In Detail

Single Starts: In 2006, single starts decreased to 2,445 units from last year's 2,665 units. With new home prices maintaining an upward trend in 2007, an increasing number of potential home owners will be tempted by the large supply of existing homes on the resale market. As a result, expect a modest decline in single starts in 2007, down to 2,300 units. In 2008, single starts will remain stable at 2,350 units.

Multiple Starts: Multiple starts in the province increased for the second consecutive year in 2006, due mainly to significant increases in Moncton and Saint John. The rising cost of home ownership has helped stimulate demand for semi-detached units. The recent popularity of this style of home is expected to continue in 2007. However, with an anticipated reduction in apartment starts, expect a moderate decline in overall multiple starts from 1,640 in 2006 to 1,400 units in 2007 and 1,250 units in 2008.

Resales: The relative stability in mortgage rates has allowed the provincial resale market to maintain a positive trend throughout 2006, with resales on pace to surpass the total units sold in 2005. This is forecast to change with a moderate decline in MLS® sales in both 2007 and 2008 to 6,750 and 6,450 units, respectively.

Prices: The price growth observed in recent years in New Brunswick's resale market continued in 2006, but at a reduced pace. This slowing trend will continue in 2007 due to the ample supply of available units on the market . Expect the average MLS® price to grow by 2.3 per cent in 2007 and by 2.2 per cent in 2008.

Provincial Highlight

Saint John is solidifying its status as the region's hub in the Energy Sector. Following a recent upgrade and expansion, it is home to the country's largest and most sophisticated oil refinery. Construction is currently proceeding on the region's only LNG terminal. As well, plans were recently announced for a proposed second oil refinery in Saint John. At current estimates, approximately 5,000 skilled workers would be required during the construction phase of this project, with roughly 1,000 full time jobs added to the local work force upon completion. A project of this magnitude, with a projected cost of several billion dollars could help to curtail the increasing migration of skilled workers to Western Canada and would have a significant impact on the provincial economy. Furthermore, housing demand would increase significantly due to the influx of workers, benefitting the local housing industry.

Nova Scotia

Overview

Orderly decline in market activity

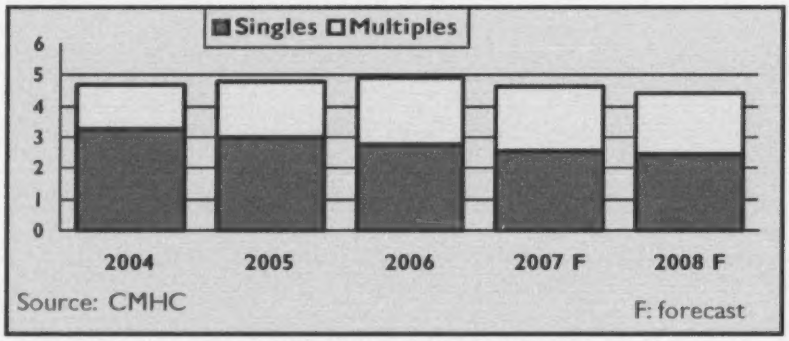
An orderly decline in housing activity is expected over the next 24 months with modest annual contractions in total starts and residential MLS® sales. Notwithstanding very weak employment growth, economic conditions remain generally supportive of housing demand with low mortgage rates, elevated consumer confidence and real gains in household income expected to continue through the end of 2008.

Lower oil prices and the recent slight easing of the Canadian dollar are expected to provide some relief to the beleaguered tourism and manufacturing industries through the end of next year. The goods sector will also continue to be bolstered by construction activity. Non-residential construction activity is expected to continue to pick-up any slack from a slowing residential sector and keep trades busy. The energy industry is currently characterized by considerable uncertainty but provincial economic performance could be boosted substantially should a petroleum by-product processing or refining project move to the construction stage.

In the service sector, a shrinking labour force is putting upward pressure on employment income and this is expected to persist through 2008. This will encourage consumers to spend confidently, supporting continued growth in wholesale and retail trade. Furthermore, the provincial service sector is expected to receive a boost courtesy of growth in the financial services and technical services sectors in metro Halifax.

Economic conditions are expected to remain modestly supportive of housing activity over the next 24 months resulting in a respectable 4,650 total housing starts this year and 4,400 starts in 2008.

Nova Scotia Starts (000's)



Source: CMHC

F: forecast

In Detail

Single Starts: The pace of single-detached home building is expected to continue to decelerate with annual declines in single starts of 8 per cent this year and 4 per cent in 2008. Builders will continue to be squeezed by high costs and more demanding new home buyers while balanced resale market conditions offer no stimulus for speculative construction. In addition, an ample inventory of fully-renovated existing homes offer potential new home buyers attractive alternatives to newly-built homes. As a result, single starts will slide to 2,550 units this year and to 2,450 in 2008.

Multiple Starts: The combination of high and rising construction costs and shrinking household size will continue to boost multiple unit starts across the province through the end of next year. Cost pressures are causing developers to shift from modest single-detached homes to semis and townhouses, and also to increase the number of units in apartment projects to keep prices and rents down. Consequently, annual multiple unit starts are forecast to average approximately 2,000 units this year and again next year.

Resales: High employment levels, low mortgage rates and real income gains are expected to create a hospitable environment for homeownership demand through the end of next year. Nevertheless, an absence of employment growth and diverging seller and buyer expectations will restrain resale trading. MLS® sales are forecast to slide to 10,000 units this year and to 9,500 units in 2008.

Prices: Softening resale market conditions will result in a slower pace of price growth but a rising share of move-up market transactions will mitigate the decline. As a result, MLS® sale price is forecast to increase by five per cent this year and by three per cent in 2008.

Provincial Highlight

A combination of construction cost pressures and friendly demographic trends are revitalizing the rental construction sector across the province and this is expected to continue through the end of 2008. While the pace of provincial rental starts is forecast to ease somewhat from the spectacular rebound that occurred in 2006, activity will remain very brisk. Growing interest from mature households is bolstering overall rental demand and contributing to a 'move-up' phenomenon that is expected to sustain relatively low vacancy rates in newer buildings. However, as the scale of new rental projects expands in response to cost pressures, slight increases in vacancy rates are anticipated in key markets like metro Halifax and Truro.

P.E.I.

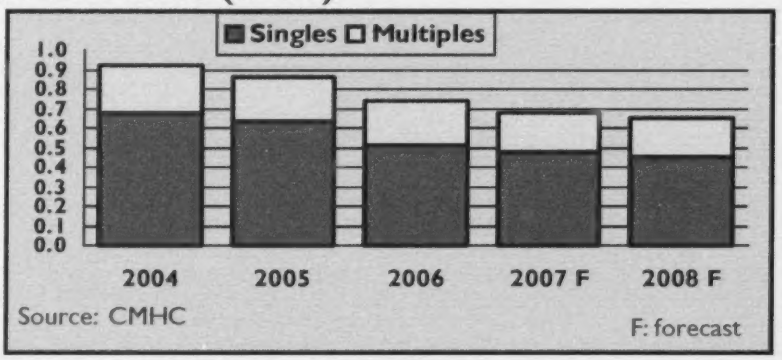
Overview

Total housing starts to decrease in 2007

The Island's economy is expected to grow at a moderate rate over the forecast period, as a result of stability in the resource, manufacturing, and tourism sectors. The agriculture industry is expected to advance marginally in 2007, due in part to higher prices resulting from a voluntary reduction in acres planted. Manufacturing is also expected to post gains in 2007, as the seafood processing and aerospace industries continue to expand. Following a slower than expected year in 2006, tourism is expected to rebound in 2007.

On the upside the recent slide of the Canadian dollar will have a positive impact on the forecast. As much of the Island's exports are destined for American markets, this should improve demand over the forecast period. The lower dollar should also improve the outlook for the tourism industry as it will make travel to P.E.I. less expensive for American tourists.

P.E.I. Starts (000's)



The rate of employment and labour force growth on the Island is expected to remain positive over the forecast period. Employment in the construction sector should remain healthy well in 2007 as numerous large projects remain under construction. The labour force will also post positive growth as more Islanders' continue to look for work combined with positive net migration. Overall employment is expected to grow by less than 1.0 per cent in both 2007 and 2008.

Housing starts are expected to decrease to 675 units in 2007, down 9 per cent from the 2006 level. Starts will decrease further to 650 units in 2008. Eventhough housing starts are expected to move lower in both 2007 and 2008, new home construction will remain above the average level of the past ten years.

In Detail

Single Starts: The construction of single-family homes is expected to remain robust over the forecast period, although it will fall short of the strong levels experienced in recent years. Single housing starts are expected to reach 475 and 450 units in 2007 and 2008, respectively.

Multiple Starts: Multiple starts are expected to decline over the forecast period, due to fewer starts of apartment style units, which have been strong the past few years. As such it is expected that 200 multiple units will be started in each of 2007 and 2008.

Resales: MLS® sales in PEI have hovered around the 1,400 mark for the past five years, and this level of activity is expected to continue in both 2007 and 2008. However, unlike previous years where the market was limited by the diminished supply of listings this will not be the case over the forecast period. It is expected that fewer buyers will lead to fewer sales over the next two years and as such sales are expected to dip to 1,425 in 2007 and to 1,350 in 2008.

Prices: After several years of strong price growth, fuelled by a shortage of listings and strong demand for existing homes in the province's urban centres, growth in the average MLS® price is expected to a slow to 4.0 per cent in both 2007 and 2008.

Provincial Highlight

The new Federal building in Charlottetown, which is currently under construction will be called the Jean Canfield Building. The name was chosen after an extensive public consultation administered by the project's Community Liaison Committee. Jean Canfield was a popular provincial politician and served in the Provicial Legislature throughout the 1970's.

The new five-storey, $50-million building is being billed as the most advanced and environmentally-friendly building ever built by the Government of Canada. It will be a showcase for such environmental technologies as a reflective roof, the use of natural light and shade to moderate temperature and the recycling of rainwater to reduce water consumption.

Newfoundland and Labrador

Overview

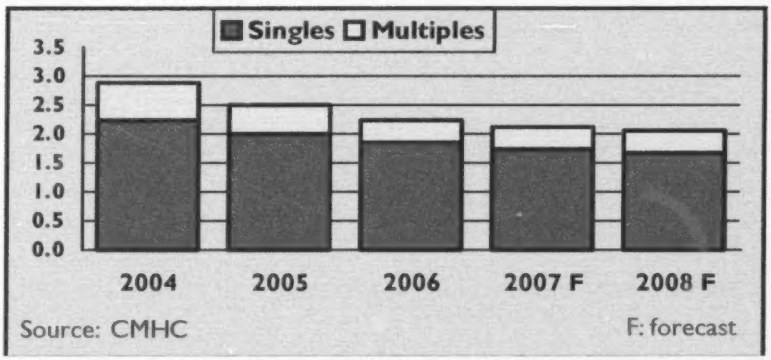
Starts will move lower despite stronger economic growth

Economic growth will be significantly boosted in 2007 by a rebound in Terra Nova oil production and increased output at Voisey's Bay mine. There is also potential for increased production at the White Rose oil field by mid-2007 pending regulatory approval.

Accordingly, our GDP growth forecast for this year is five per cent. Possible announcements and development of other major projects such as Hebron or Lower Churchill could also have a substantial impact on economic growth.

Some stimulus will also be provided by higher provincial government expenditures this year. Employment will increase 0.7 per cent in 2007, with a 1.2 per cent gain in 2008. The fishery will continue to be challenged by weak markets, a strong Canadian dollar and high fuel costs. With personal incomes expected to be weaker, expect only modest gains in consumer spending this year. These factors combined with ongoing population losses will ease domestic demand. The lack of new mega-project construction will constrain employment growth this year. The development of power generation, offshore oil development and new discoveries, and growth in the mining industry, present upside risk to the forecast. With the above factors in play, housing starts will decline 4.9 per cent in 2007 to 2,125, as higher mortgage carrying costs, higher labour costs and low employment growth dampen future growth prospects. In 2008, housing starts will to 2,050 units.

Newfoundland and Labrador Starts (000's)



Source: CMHC F: forecast

In Detail

Single Starts: Rising input and development costs, strong competition from the existing home market and higher mortgage carrying and labour costs will all continue to be key factors behind the downward trend in single-detached housing starts this year and next. On-going negative net-migration, and marginal employment growth, will push the single starts downward by 6.1 per cent this year to 1,750 and 1,675 in 2008.

Multiple Starts: Multiple unit construction will rebound slightly this year, increasing 1.4 per cent to 375 units. Starts of single-detached homes with basement apartments have retreated somewhat, as home owners opt for more luxurious homes without basement apartments. Changing household structures and a strong local economy continue to persuade more developers to capitalize on the condo market in St. John's. Accordingly, condo starts are forecast to increase. When combined with affordable housing projects, multiple starts will remain at 375 units in 2008.

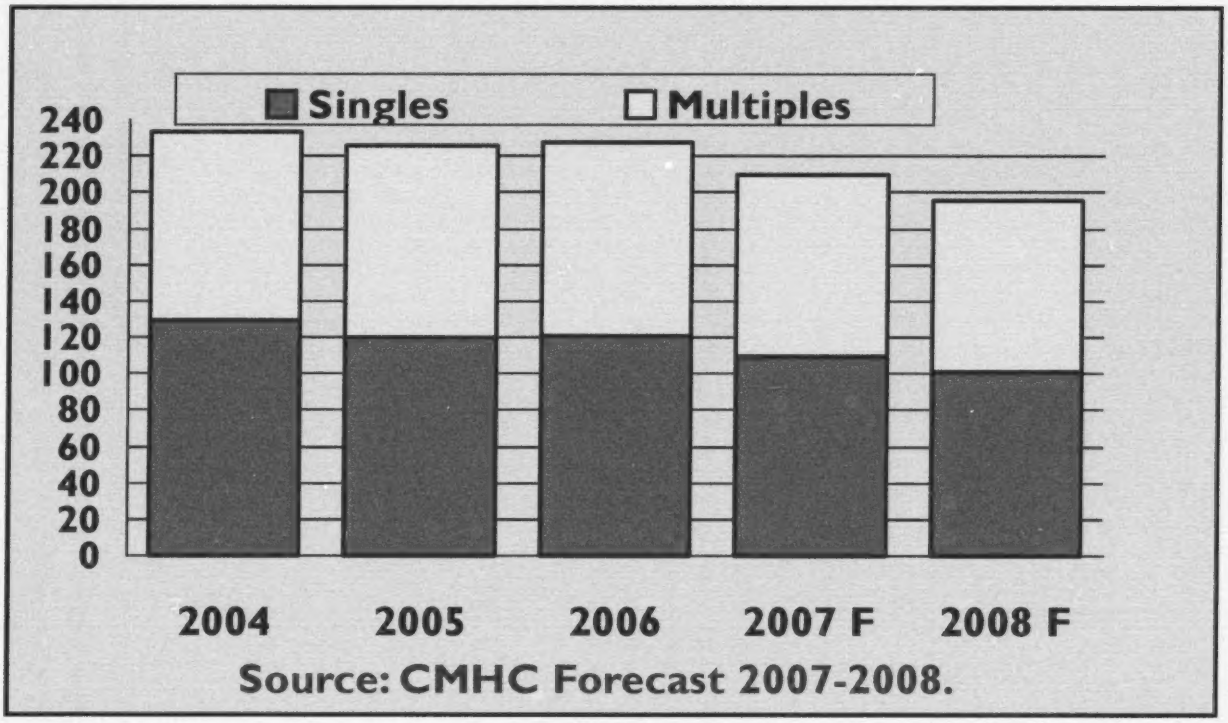
Resales: The recent surge in MLS® listings has provided more choice in the marketplace and this has helped to sustain homebuyer activity in the St. John's region. Overall, demand is expected to ease somewhat this year and next. Provincial MLS® sales are forecast to edge down by 7.3 per cent to 3,250 units this year and 4.6 per cent to 3,100 units in 2008.

Prices: Despite surprising sales strength during the latter half of 2006, the surge in the supply of homes for sale caused the average MLS® house price to decrease in 2006. The average MLS® sale price is expected to reach $142,350 this year, an increase of 1.6 per cent. The outlook for 2008 will be impacted by a continuing decline in demand, with the average MLS® price forecast to increase by 1.9 per cent.

Provincial Highlight

While housing starts declined during 2006, the MLS® sales posted a record year. Sales totalled more than 3,500 units compared to 3,211units in 2005. This represented an increase of 9 per cent. Despite a notable surge in active listings, unit sales were surprisingly strong for the year. However, the average MLS® price was slightly below 2005's level. The resale market classification changed mid-year from balanced to buyers. The main driver behind this reclassification was the previously mentioned surge in active listings. The overall impact was an increase in days on market (45 to 60 plus days) and a decline in the sales-price-to-list-price ratio. As a result, buyers became more price-sensitive throughout the year.

Canada Starts (000's)



Source: CMHC Forecast 2007-2008.

Total Housing Starts (units and annual percent change)

	2002	2003	2004	2005	2006	2007(F)	2008(F)
NFLD	**2,419**	**2,692**	**2,870**	**2,498**	**2,234**	**2,125**	**2,050**
%	35.3	11.3	6.6	-13.0	-10.6	-4.9	-3.5
PEI	**775**	**814**	**919**	**862**	**738**	**675**	**650**
%	14.8	5.0	12.9	-6.2	-14.4	-8.5	-3.7
NS	**4,970**	**5,096**	**4,717**	**4,775**	**4,896**	**4,650**	**4,400**
%	21.5	2.5	-7.4	1.2	2.5	-5.0	-5.4
NB	**3,862**	**4,489**	**3,947**	**3,959**	**4,085**	**3,700**	**3,600**
%	11.6	16.2	-12.1	0.3	3.2	-9.4	-2.7
QUE	**42,452**	**50,289**	**58,448**	**50,910**	**47,877**	**42,650**	**38,925**
%	53.4	18.5	16.2	-12.9	-6.0	-10.9	-8.7
ONT	**83,597**	**85,180**	**85,114**	**78,795**	**73,417**	**67,000**	**62,750**
%	14.1	1.9	-0.1	-7.4	-6.8	-8.7	-6.3
MAN	**3,617**	**4,206**	**4,440**	**4,731**	**5,028**	**4,900**	**4,750**
%	22.1	16.3	5.6	6.6	6.3	-2.5	-3.1
SASK	**2,963**	**3,315**	**3,781**	**3,437**	**3,715**	**3,600**	**3,600**
%	24.4	11.9	14.1	-9.1	8.1	-3.1	0.0
ALTA	**38,754**	**36,171**	**36,270**	**40,847**	**48,962**	**45,500**	**42,500**
%	32.8	-6.7	0.3	12.6	19.9	-7.1	-6.6
BC	**21,625**	**26,174**	**32,925**	**34,667**	**36,443**	**34,700**	**32,300**
%	25.5	21.0	25.8	5.3	5.1	-4.8	-6.9
Canada	**205,034**	**218,426**	**233,431**	**225,481**	**227,395**	**209,500**	**195,500**
%	26.0	6.5	6.9	-3.4	0.8	-7.9	-6.7

Source: CMHC Forecast 2007-2008.
(F) Forecast.
* Total does not add due to rounding.

Single-detached Starts
(units and annual percent change)

	2002	2003	2004	2005	2006	2007(F)	2008(F)
NFLD	2,092	2,240	2,229	2,005	1,864	1,750	1,675
%	30.9	7.1	-0.5	-10.0	-7.0	-6.1	-4.3
PEI	582	613	682	634	512	475	450
%	5.6	5.3	11.3	-7.0	-19.2	-7.2	-5.3
NS	3,363	2,968	3,270	3,010	2,757	2,550	2,450
%	21.8	-11.7	10.2	-8.0	-8.4	-7.5	-3.9
NB	2,769	3,139	2,970	2,665	2,445	2,300	2,350
%	7.6	13.4	-5.4	-10.3	-8.3	-5.9	2.2
QUE	25,257	27,225	28,871	23,930	21,917	20,150	18,550
%	46.9	7.8	6.0	-17.1	-8.4	-8.1	-7.9
ONT	51,114	47,610	48,929	41,682	38,309	32,000	28,750
%	29.0	-6.9	2.8	-14.8	-8.1	-16.5	-10.2
MAN	3,016	3,165	3,484	3,709	3,552	3,700	3,600
%	22.6	4.9	10.1	6.5	-4.2	4.2	-2.7
SASK	1,931	2,097	2,193	2,425	2,689	2,475	2,450
%	18.7	8.6	4.6	10.6	10.9	-8.0	-1.0
ALTA	24,520	21,918	22,487	26,684	31,835	29,500	27,500
%	24.0	-10.6	2.6	18.7	19.3	-7.3	-6.8
BC	10,730	12,252	14,056	13,719	15,433	14,400	13,500
%	36.5	14.2	14.7	-2.4	12.5	-6.7	-6.3
CAN	125,374	123,227	129,171	120,463	121,313	109,300	101,300
%	30.6	-1.7	4.8	-6.7	0.7	-9.9	-7.3

Source: CMHC Forecast 2007-2008.
(F) Forecast.
* Total does not add due to rounding.

Multiple Starts
(units and annual percent change)

	2002	2003	2004	2005	2006	2007(F)	2008(F)
NFLD	327	452	641	493	370	375	375
%	72.1	38.2	41.8	-23.1	-24.9	1.4	0.0
PEI	193	201	237	228	226	200	200
%	55.6	4.1	17.9	-3.8	-0.9	-11.5	0.0
NS	1,607	2,128	1,447	1,765	2,139	2,100	1,950
%	20.7	32.4	-32.0	22.0	21.2	-1.8	-7.1
NB	1,093	1,350	977	1,294	1,640	1,400	1,250
%	22.9	23.5	-27.6	32.4	26.7	-14.6	-10.7
QUE	17,195	23,064	29,577	26,980	25,960	22,500	20,375
%	63.9	34.1	28.2	-8.8	-3.8	-13.3	-9.4
ONT	32,483	37,570	36,185	37,113	35,108	35,000	34,000
%	-3.5	15.7	-3.7	2.6	-5.4	-0.3	-2.9
MAN	601	1,041	956	1,022	1,476	1,200	1,150
%	19.5	73.2	-8.2	6.9	44.4	-18.7	-4.2
SASK	1,032	1,218	1,588	1,012	1,026	1,125	1,150
%	36.9	18.0	30.4	-36.3	1.4	9.6	2.2
ALTA	14,234	14,253	13,783	14,163	17,127	16,000	15,000
	51.3	0.1	-3.3	2.8	20.9	-6.6	-6.3
BC	10,895	13,922	18,869	20,948	21,010	20,300	18,800
%	16.3	27.8	35.5	11.0	0.3	-3.4	-7.4
CAN	79,660	95,199	104,260	105,018	106,082	100,200	94,300
%	19.4	19.5	9.5	0.7	1.0	-5.5	-5.9

Source: CMHC Forecast 2007-2008.
(F) Forecast.
* Total does not add due to rounding.

Multiple Housing Starts by Type (Units)

		2002	2003	2004	2005	2006	2007(F)	2008(F)
NF	Semi-detached	36	66	264	151	122	150	150
	Row	42	107	51	31	39	25	25
	Apartment	249	279	326	311	209	200	200
	Total	327	452	641	493	370	375	375
PEI	Semi-detached	64	72	76	111	62	60	60
	Row	47	40	80	75	13	10	10
	Apartment	82	89	81	42	151	130	130
	Total	193	201	237	228	226	200	200
NS	Semi-detached	253	338	266	301	353	375	325
	Row	144	277	186	265	255	250	225
	Apartment	1,210	1,513	995	1,199	1,531	1,475	1,400
	Total	1,607	2,128	1,447	1,765	2,139	2,100	1,950
NB	Semi-detached	186	254	293	391	482	500	425
	Row	68	143	256	203	275	225	225
	Apartment	839	953	428	700	883	675	600
	Total	1,093	1,350	977	1,294	1,640	1,400	1,250
QC	Semi-detached	1,855	2,432	2,932	2,678	2,599	2,250	2,075
	Row	964	773	1,109	1,074	1,343	850	800
	Apartment	14,376	19,859	25,536	23,228	22,018	19,400	17,500
	Total	17,195	23,064	29,577	26,980	25,960	22,500	20,375
ON	Semi-detached	6,886	6,379	5,172	4,673	4,393	3,700	3,200
	Row	11,849	12,191	12,824	12,537	11,046	9,300	8,800
	Apartment	13,748	19,000	18,189	19,903	19,669	22,000	22,000
	Total	32,483	37,570	36,185	37,113	35,108	35,000	34,000
MAN	Semi-detached	68	88	132	133	178	180	130
	Row	76	62	92	161	158	120	120
	Apartment	457	891	732	728	1,140	900	900
	Total	601	1,041	956	1,022	1,476	1,200	1,150
SK	Semi-detached	142	95	184	236	123	175	200
	Row	456	594	681	378	423	400	400
	Apartment	434	529	723	398	480	550	550
	Total	1,032	1,218	1,588	1,012	1,026	1,125	1,150
ALB	Semi-detached	2,869	2,567	2,916	3,012	3,807	4,100	3,600
	Row	2,531	2,859	2,401	2,951	2,935	3,000	3,000
	Apartment	8,834	8,827	8,466	8,200	10,385	8,900	8,400
	Total	14,234	14,253	13,783	14,163	17,127	16,000	15,000
B.C.	Semi-detached	1,225	1,353	2,062	1,791	2,239	1,800	1,500
	Row	2,305	3,297	4,387	4,459	4,476	3,900	3,400
	Apartment	7,365	9,272	12,420	14,698	14,295	14,600	13,900
	Total	10,895	13,922	18,869	20,948	21,010	20,300	18,800
CAN	Semi-detached	13,584	13,644	14,297	13,477	14,358	13,290	11,665
	Row	18,482	20,343	22,067	22,134	20,963	18,080	17,005
	Apartment	47,594	61,212	67,896	69,407	70,761	68,830	65,580
	Total	79,660	95,199	104,260	105,018	106,082	100,200	94,300

Source: CMHC Forecast 2007-2008.
* Total does not add due to rounding.

Total Residential Resales (units and annual percent change)

	2002	2003	2004	2005	2006(E)	2007(F)	2008(F)
NFLD	3,014	3,238	3,265	3,211	3,505	3,250	3,100
%	7.3	7.4	0.8	-1.7	9.2	-7.3	-4.6
PEI	1,306	1,404	1,500	1,449	1,500	1,425	1,350
%	5.8	7.5	6.8	-3.4	3.5	-5.0	-5.3
NS	10,243	9,221	8,887	10,387	10,600	10,000	9,500
%	8.5	-10.0	-3.6	16.9	2.0	-5.7	-5.0
NB	5,089	5,489	5,979	6,836	7,225	6,750	6,450
%	6.5	7.9	8.9	14.3	5.7	-6.6	-4.4
QUE	68,161	67,130	69,296	70,649	71,537	69,375	68,000
%	9.3	-1.5	3.2	2.0	1.3	-3.0	-2.0
ONT	178,058	184,457	197,353	197,007	194,619	187,000	177,000
%	9.7	3.6	7.0	-0.2	-1.2	-3.9	-5.3
MAN	11,108	11,523	12,098	12,761	13,000	13,250	13,300
%	-2.9	3.7	5.0	5.5	1.9	1.9	0.4
SASK	7,933	7,698	8,172	8,312	9,150	9,000	9,000
%	-0.5	-3.0	6.2	1.7	10.1	-1.6	0.0
ALTA	51,042	51,334	57,460	65,866	74,000	70,000	69,500
%	4.2	0.6	11.9	14.6	12.3	-5.4	-0.7
BC	82,737	93,095	96,385	106,310	98,202	94,500	92,000
%	19.0	12.5	3.5	10.3	-7.6	-3.8	-2.6
CAN**	418,691	434,589	460,395	482,788	483,337	464,550	449,200
%	9.9	3.8	5.9	4.9	0.1	-3.9	-3.3

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2007-2008.
(E) Estimate (F) Forecast.
* Total does not add due to rounding. **Canada totals are for 10 provinces

Average Residential Resale Price (dollars and annual percent change)

	2002	2003	2004	2005	2006(E)	2007(F)	2008(F)
NFLD	113,081	119,822	131,499	141,167	140,150	142,350	145,000
%	8.3	6.0	9.7	7.4	-0.7	1.6	1.9
PEI	94,964	101,745	110,815	117,237	125,710	130,775	136,000
%	8.3	7.1	8.9	5.8	7.2	4.0	4.0
NS	126,669	136,292	146,033	159,556	170,675	178,475	184,450
%	9.7	7.6	7.1	9.3	7.0	4.6	3.3
NB	100,129	105,858	112,933	120,641	125,775	128,650	131,512
%	4.4	5.7	6.7	6.8	4.3	2.3	2.2
QUE	130,403	151,881	171,099	184,583	195,021	202,951	208,750
%	12.6	16.5	12.7	7.9	5.7	4.1	2.9
ONT	210,901	226,824	245,230	263,042	278,131	287,094	291,136
%	9.1	7.5	8.1	7.3	5.7	3.2	1.4
MAN	96,531	106,788	119,245	133,854	149,503	159,000	168,000
%	3.6	10.6	11.7	12.3	11.7	6.4	5.7
SASK	101,297	104,995	110,824	122,765	131,968	144,000	155,500
%	3.0	3.7	5.6	10.8	7.5	9.1	8.0
ALTA	170,253	182,845	194,769	218,266	282,686	320,250	342,250
%	10.7	7.4	6.5	12.1	29.5	13.3	6.9
BC	238,877	259,968	289,107	332,224	387,062	413,257	427,823
%	7.2	8.8	11.2	14.9	16.5	6.8	3.5
CAN**	188,785	207,162	226,386	249,365	276,325	292,631	302,181
%	9.9	9.7	9.3	10.2	10.8	5.9	3.3

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2007-2008.
(E) Estimate (F) Forecast.
* Total does not add due to rounding. **Canada totals are for 10 provinces

Employment (annual percent change)

	2002	2003	2004	2005	2006	2007(F)	2008(F)
NFLD	1.7	2.4	1.0	-0.1	0.7	0.7	1.2
PEI	1.7	2.2	1.3	1.9	0.6	0.5	0.7
NS	1.8	2.0	2.6	0.2	-0.3	0.4	0.9
NB	3.9	0.0	2.0	0.1	1.4	0.9	1.2
QUE	3.8	1.7	1.4	1.0	1.3	0.9	1.0
ONT	1.8	3.0	1.7	1.3	1.5	1.0	1.0
MAN	2.3	0.5	1.1	0.6	1.1	1.0	0.9
SASK	1.7	1.7	0.8	0.8	1.7	1.7	0.5
ALTA	2.4	2.7	2.4	1.5	4.8	3.0	1.8
BC	2.3	2.5	2.4	3.3	3.0	2.1	2.3
CAN	2.4	2.4	1.8	1.4	1.9	1.4	1.3

Sources: Statistics Canada, CMHC Forecast 2007-2008
(F) Forecast.

Unemployment Rate (percent)

	2002	2003	2004	2005	2006	2007(F)	2008(F)
NFLD	16.6	16.5	15.7	15.2	14.8	14.6	14.1
PEI	12.1	11.0	11.2	10.8	11.1	11.0	10.9
NS	9.6	9.1	8.8	8.4	7.9	8.0	7.9
NB	10.2	10.3	9.8	9.7	8.8	8.5	8.2
QUE	8.6	9.1	8.5	8.3	8.0	8.0	7.9
ONT	7.1	6.9	6.8	6.6	6.3	6.1	5.9
MAN	5.1	5.0	5.3	4.8	4.3	4.2	4.3
SASK	5.7	5.6	5.3	5.1	4.7	4.2	4.3
ALTA	5.3	5.1	4.6	3.9	3.4	3.3	3.3
BC	8.5	8.0	7.2	5.9	4.8	4.7	4.6
CAN	7.7	7.6	7.2	6.8	6.3	6.3	6.3

Sources: Statistics Canada, CMHC Forecast 2007-2008.
(F) Forecast.

Real Gross Domestic Product (annual percent change)

	2002	2003	2004	2005	2006(F)	2007(F)	2008(F)
NFLD	16.4	6.2	-1.4	0.4	3.0	5.0	1.0
PEI	5.8	1.5	1.8	2.0	1.8	1.8	1.5
NS	4.2	0.9	1.4	1.1	2.2	2.4	2.5
NB	4.4	1.7	2.0	0.5	2.4	2.5	2.8
QUE	2.7	2.1	2.3	2.2	1.8	1.6	2.3
ONT	3.2	1.6	2.7	2.8	1.5	1.8	2.5
MAN	1.9	1.8	2.3	2.7	3.1	2.8	2.8
SASK	-0.2	3.8	3.4	3.2	2.9	3.0	2.8
ALTA	2.5	3.1	4.3	4.5	6.5	4.5	4.0
BC	3.5	2.7	4.0	3.5	3.5	3.2	3.4
CAN	3.1	2.0	2.9	2.9	2.8	2.4	3.0

Sources: Statistics Canada, CMHC Estimate 2006, CMHC Forecast 2007-2008
(F) Forecast.

Total Net Migration* (persons)

	2002	2003	2004	2005	2006(F)	2007(F)	2008(F)
NFLD	-2,665	-724	-2,407	-4,035	-4,075	-3,000	-2,000
PEI	149	329	-5	155	250	300	300
NS	1,129	1,494	-211	-2,719	-1,500	-1,150	-500
NB	701	-378	49	-1,836	-3,000	-1,250	-750
QUE	29,454	34,443	34,550	28,039	26,463	31,500	34,000
ONT	137,363	109,871	102,541	95,372	73,387	77,000	93,000
MAN	1,924	3,409	3,988	-2,386	1,100	2,050	2,500
SASK	-6,218	-3,344	-4,467	-8,964	-4,700	-3,400	-2,700
ALTA	30,270	23,227	32,796	68,098	86,000	73,000	60,000
BC	25,011	35,429	38,646	43,654	45,745	49,400	51,200
CAN**	217,118	203,756	205,480	215,378	219,670	224,450	235,050

Sources: Statistics Canada, CMHC Forecast 2007-2008. (F) Forecast.
* Sum of interprovincial migration, international migration, and non-permanent residents.
** Excludes Yukon, Northwest Territories, and Nunavut.

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual % chg.	MLS® sales	MLS® average price	Rental vacancy rate structures of 3 units +
Victoria	2006	2,739	928	4.2	7,500	427,154	0.5
	2007(F)	2,370	920	6.0	7,050	450,000	0.8
	2008(F)	1,940	890	4.5	6,900	462,000	1.2
Vancouver	2006	18,705	5,614	7.0	36,479	509,876	0.7
	2007(F)	19,500	5,700	6.5	36,200	535,000	1.0
	2008(F)	18,500	5,300	5.8	35,800	551,000	1.3
Abbotsford	2006	1,207	427	na	3,853	303,959	2.0
	2007(F)	1,260	435	na	3,600	319,000	2.3
	2008(F)	1,200	420	na	3,500	335,000	2.5
Edmonton	2006	14,970	9,064	26.0	21,984	250,915	1.2
	2007(F)	14,500	8,500	15.0	21,000	300,000	0.7
	2008(F)	13,500	7,750	9.0	20,000	330,000	0.5
Calgary	2006	17,046	10,482	43.1	33,024	346,673	0.5
	2007(F)	15,750	9,500	18.3	30,500	381,000	0.6
	2008(F)	15,400	9,300	7.2	32,100	409,000	1.0
Saskatoon	2006	1,496	959	8.3	3,430	160,577	3.2
	2007(F)	1,450	750	9.0	3,400	175,000	2.5
	2008(F)	1,500	800	9.0	3,400	191,000	2.0
Regina	2006	986	749	8.1	2,953	131,851	3.3
	2007(F)	1,000	600	9.0	3,100	142,000	3.0
	2008(F)	1,000	600	8.0	3,100	153,000	2.5
Winnipeg	2006	2,777	1,737	9.6	11,600	155,000	1.3
	2007(F)	2,800	1,800	9.0	11,750	168,000	2.1
	2008(F)	2,750	1,750	5.5	12,000	180,000	1.8
Thunder Bay	2006	165	157	1.7	1,539	127,464	4.9
	2007(F)	200	150	1.3	1,450	128,800	5.5
	2008(F)	210	160	1.7	1,400	130,000	6.0
Sudbury	2006	477	448	1.7	2,615	150,341	1.2
	2007(F)	490	460	1.3	2,685	157,800	1.0
	2008(F)	530	470	1.7	2,750	162,500	0.8
Windsor	2006	1,045	692	1.0	5,047	164,123	10.4
	2007(F)	890	650	1.5	4,800	162,400	8.5
	2008(F)	800	600	1.4	4,700	163,000	6.0
London	2006	3,674	2,090	5.2	9,234	190,521	3.6
	2007(F)	3,060	1,920	4.5	8,950	195,600	3.9
	2008(F)	2,730	1,800	4.0	8,470	197,500	4.1
Kitchener	2006	2,599	1,542	4.0	6,115	237,913	3.3
	2007(F)	2,600	1,400	3.0	5,900	249,000	3.0
	2008(F)	2,500	1,200	2.5	5,600	257,000	2.9
St. Catharines-Niagara	2006	1,284	866	5.0	6,600	194,500	4.3
	2007(F)	1,186	736	4.0	6,302	200,335	4.5
	2008(F)	1,125	625	3.5	6,176	204,342	4.5
Hamilton	2006	3,043	1,741	5.8	13,180	248,000	4.3
	2007(F)	2,865	1,645	5.5	13,080	261,000	4.0
	2008(F)	2,780	1,580	5.3	12,950	272,000	3.8
Toronto	2006	37,080	14,120	3.8	84,500	352,700	3.2
	2007(F)	35,100	11,500	3.0	81,000	365,500	2.5
	2008(F)	32,000	9,500	2.5	77,000	373,000	2.2

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS® sales	MLS® average price	Rental vacancy rate Structures of 3 units +
Oshawa*	2006	2,995	2,109	na	9,354	258,362	4.1
	2007(F)	2,870	2,040	na	8,970	262,220	3.8
	2008(F)	2,820	1,980	na	8,460	265,100	3.4
Kingston	2006	968	481	na	3,480	212,150	2.1
	2007(F)	995	460	na	3,515	220,640	2.3
	2008(F)	690	450	na	3,530	228,360	2.4
Ottawa	2006	5,875	2,480	3.5	13,900	256,000	2.3
	2007(F)	5,450	2,400	3.3	14,000	262,000	2.1
	2008(F)	5,475	2,300	2.8	13,900	267,000	1.9
Gatineau	2006	2933	1171	3.0	4100	168000	4.2
	2007(F)	2700	1100	2.8	3850	175000	4.5
	2008(F)	2500	1000	2.5	3700	182000	4.0
Montréal	2006	21,000	8,000	4.0	37,900	240,000	2.5
	2007(F)	20,000	7,100	3.5	37,500	250,000	3.2
	2008(F)	18,000	6,700	3.0	37,000	260,000	3.5
Trois-Rivières	2006	950	340	n.a.	850	117500	1.9
	2007(F)	850	340	n.a.	800	119000	1.5
	2008(F)	650	315	n.a.	750	121000	2.3
Sherbrooke	2006	1,260	480	na	1,450	163,300	1.6
	2007(F)	950	395	na	1,500	168,700	1.7
	2008(F)	910	360	na	1,450	173,700	1.9
Québec	2006	5100	2250	5.5	7000	162275	2.0
	2007(F)	4600	1950	4.0	6900	167500	2.0
	2008(F)	4000	1700	3.0	7000	172500	2.3
Saguenay	2006	485	250	n.a.	1,150	120,000	4.8
	2007(F)	580	265	n.a.	1,200	127,000	3.9
	2008(F)	460	260	n.a.	1,175	133,000	4.5
Saint John	2006	565	363	3.5	1,875	128,500	6.8
	2007(F)	540	350	3.0	1,850	132,000	5.5
	2008(F)	525	325	2.5	1,750	135,000	5.5
Halifax	2006	2,511	1,056	5.0	6,222	203,000	3.2
	2007(F)	2,425	1,000	3.5	5,750	210,000	3.4
	2008(F)	2,375	950	4.0	5,550	216,000	3.3
St. John's	2006	1,534	1,096	5.8	3,196	141,167	4.5
	2007(F)	1,300	975	3.0	3,300	142,250	5.0
	2008(F)	1,250	950	3.0	3,150	145,000	4.8
Charlottetown	2006	448	305	4.3	486	144,036	4.4
	2007(F)	425	250	3.0	450	155,000	5.0
	2008(F)	400	225	3.0	425	158,000	4.8
ALL METRO AREAS	2006	155917	71997	4.8	340616		2.6
	2007(F)	148706	65291	5.9	330352		2.7
	2008(F)	138520	60260	4.1	323686		2.7

Sources: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2007-2008

MLS® data for St. Catharines-Niagara is aggregated using total numbers of the area's three real estate boards.

*MLS® numbers reflect all of Durham Region

n.a.: data not available

Major Housing Indicators
(levels and quarterly percent change)

	05:Q1	05:Q2	05:Q3	05:Q4	06:Q1	06:Q2	06:Q3	06:Q4
New Housing								
Building permits, units, thousands	220.6	236.0	231.8	267.6	236.9	225.0	239.6	251.0
% change	*-7.6*	*6.9*	*-1.8*	*15.5*	*-11.5*	*-5.1*	*6.5*	*4.8*
Housing starts, total, thousands	209.2	232.6	229.6	224.9	244.1	227.8	219.7	222.4
% change	*-10.3*	*11.2*	*-1.3*	*-2.0*	*8.5*	*-6.7*	*-3.6*	*1.2*
Housing starts, singles, thousands	115	125.6	116.6	122.4	131.3	121.4	121.1	115.1
% change	*-9.7*	*9.2*	*-7.2*	*5.0*	*7.3*	*-7.5*	*-0.2*	*-5.0*
Housing starts, multiples,	94.2	107	113	102.5	112.8	106.4	98.6	107.3
% change	*-10.9*	*13.6*	*5.6*	*-9.3*	*10.0*	*-5.7*	*-7.3*	*8.8*
Housing completions, total,	47,053	51,688	58,095	54,406	49,321	51,784	60,015	54,827
% change	*-21.6*	*9.9*	*12.4*	*-6.3*	*-9.3*	*5.0*	*15.9*	*-8.6*
New house price index, 1997=100	126.5	128.4	130.1	132.4	135.4	140.1	145.2	147.1
% change	*0.9*	*1.5*	*1.3*	*1.8*	*2.3*	*3.4*	*3.7*	*1.3*
Existing housing								
MLS® resales, units, thousands	454,940	488,612	500,448	488,932	500,016	486,176	472,600	n.a.
% change	*0.4*	*7.4*	*2.4*	*-2.3*	*2.3*	*-2.8*	*-2.8*	*n.a.*
MLS® average resale price, $C	239,450	247,166	251,352	258,542	267,245	276,710	277,813	n.a.
% change	*2.2*	*3.2*	*1.7*	*2.9*	*3.4*	*3.5*	*0.4*	*n.a.*
Mortgage market								
1-year mortgage rate, per cent*	4.88	4.83	4.97	5.55	5.90	6.37	6.47	6.37
5-year mortgage rate, per cent*	6.12	5.90	5.80	6.15	6.40	6.82	6.83	6.60
Residential investment**								
Total, $1997 millions	67,120	68,183	69,080	69,073	71,388	70,529	69,011	n.a.
% change	*-1.1*	*1.6*	*1.3*	*0.0*	*3.4*	*-1.2*	*-2.2*	*n.a.*
New, $1997 millions	33,207	33,073	32,964	32,886	34,432	33,880	32,772	n.a.
% change	*-2.9*	*-0.4*	*-0.3*	*-0.2*	*4.7*	*-1.6*	*-3.3*	*n.a.*
Alterations, $1997 millions	24,864	25,556	25,848	26,528	27,024	27,056	27,288	n.a.
% change	*0.7*	*2.8*	*1.1*	*2.6*	*1.9*	*0.1*	*0.9*	*n.a.*
Transfer costs, $1997 millions	9,260	9,740	10,348	9,932	10,172	9,924	9,484	n.a.
% change	*0.8*	*5.2*	*6.2*	*-4.0*	*2.4*	*-2.4*	*-4.4*	*n.a.*
Deflator, 1997=100	129.2	130.5	130.7	132.8	134.8	137.9	140.5	n.a.
% change	*1.3*	*1.0*	*0.2*	*1.6*	*1.5*	*2.4*	*1.9*	*n.a.*

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.

n.a. Data not available.

* All indicators are seasonally adjusted and annualized except the New house price index and the Residential Investment deflator which are only seasonally adjusted and Housing completions and the 1-year and 5-year mortgage rates which are not adjusted or annualized.

** Residential Investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.

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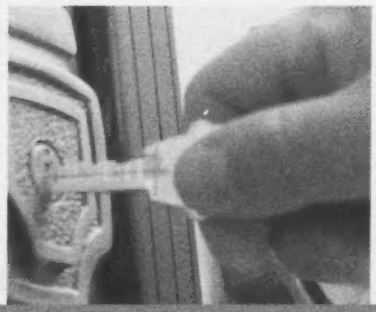

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